

HOUSE BILL NO. 490

INTRODUCED BY W. PRICE

A BILL FOR AN ACT ENTITLED: "AN ACT CREATING AN INTERMEDIARY RELENDING PROGRAM WITHIN THE BOARD OF INVESTMENTS; PROVIDING THAT LOAN PROCEEDS MUST BE USED AS MATCHING FUNDS FOR FEDERAL INTERMEDIARY RELENDING PROGRAMS; PROVIDING THAT THE BOARD MAY PURCHASE A PORTION OF SEASONED LOANS FROM A LOCAL ECONOMIC DEVELOPMENT ORGANIZATION'S REVOLVING LOAN PROGRAM; AMENDING SECTION 17-6-302, MCA; AND PROVIDING AN EFFECTIVE DATE."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. Section 1. Intermediary relending program. (1) The board may set aside an amount, not to exceed \$5 million, from the in-state investment percentage provided for in 17-6-305, for the purposes of creating an intermediary relending program.

(2) Intermediary loans may be made to board-approved local economic development organizations with revolving loan programs.

(3) Each intermediary loan made pursuant to subsection (1) may not exceed \$500,000.

(4) An intermediary loan made under this section may be offered only to an applicant that will pledge and use the loan funds as matching funds for the United States department of agriculture intermediary relending program.

NEW SECTION. Section 2. Repayment of intermediary loan -- terms. (1) The interest rate on an intermediary loan made pursuant to [section 1] may not exceed 2% a year for a period of 30 years.

(2) For the first 3 years, repayment on the intermediary loan is of the interest only, and for the remainder of the term of the intermediary loan, the repayment is principal and interest.

NEW SECTION. Section 3. Purchase of seasoned or mature loans by board. The board may purchase a portion of a seasoned or mature loan from a local economic development organization's revolving loan program.

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2 **Section 4.** Section 17-6-302, MCA, is amended to read:

3 **"17-6-302. Definitions.** As used in this part, unless the context requires otherwise, the following
4 definitions apply:

5 (1) "Board" means the board of investments created in 2-15-1808.

6 (2) "Capital company" means a Montana capital company created pursuant to Title 90, chapter
7 8.

8 (3) "Clean and healthful environment" means an environment that is relatively free from pollution
9 that threatens human health, including, as a minimum, compliance with federal and state environmental
10 and health standards.

11 (4) "Department" means the department of commerce provided for in 2-15-1801.

12 (5) "Employee-owned enterprise" means any enterprise at least 51% of whose stock, partnership
13 interests, or other ownership interests is owned and controlled by residents of Montana, each of whose
14 principal occupation is as an employee, officer, or partner of the enterprise.

15 (6) "Financial institution" includes but is not limited to a state- or federally chartered bank or a
16 savings and loan association, credit union, or development corporation created pursuant to Title 32,
17 chapter 4.

18 (7) "Intermediary loan" means a loan provided to a local economic development organization with
19 a revolving loan fund to be used for providing matching funds for the United States department of
20 agriculture rural development relending program.

21 ~~(7)~~(8) "Loan participation" means loans or portions of loans bought from a financial institution and
22 does not include the purchase of debentures issued by a capital company.

23 ~~(8)~~(9) "Locally owned enterprise" means any enterprise 51% of whose stock, partnership
24 interests, or other ownership interests is owned and controlled by residents of Montana.

25 ~~(9)~~(10) "Long-term benefit to the Montana economy" means an activity that strengthens the
26 Montana economy and that has the potential to maintain and create jobs, increase per capita income, or
27 increase Montana tax revenue in the future to the people of Montana, either directly or indirectly.

28 ~~(10)~~(11) "Montana economy" means any business ~~activity~~ activities in the state of Montana,
29 including those that continue existing jobs or create new jobs in Montana.

30 ~~(11)~~(12) "Service fees" means the fees normally charged by a financial institution for servicing a

1 loan, including amounts charged for collecting payments and remitting amounts to the fund."

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3 NEW SECTION. **Section 5. Codification instruction.** [Sections 1 through 3] are intended to be
4 codified as an integral part of Title 17, chapter 6, part 3, and the provisions of Title 17, chapter 6, part
5 3, apply to [sections 1 through 3].

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7 NEW SECTION. **Section 6. Effective date.** [This act] is effective July 1, 2001.

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